Decision **ALTERNATE PROPOSED DECISION OF COMMISSIONER LYNCH**
(Mailed 2/112004)

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of SOUTHERN CALIFORNIA GAS COMPANY In Compliance with Resolution G-3334 For a System of Firm, Tradable Receipt Point Capacity Rights and Related Provisions. (U 904 G)	Application 03-06-040 (Filed June 30, 2003)

(See Appendix A for a list of appearances.)

OPINION VACATING DECISION 01-12-018

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OPINION VACATING DECISION 01-12-018

I. Summary

This decision grants in part the Petition to Modify Decision (D.) 01-12-018, and vacates D.01-12-018 and Resolution G-3334.

In D.01-12-018, the Commission adopted a comprehensive settlement agreement (CSA) negotiated in 1999 and 2000 that modified the market and regulatory framework for regulating the transportation and storage of natural gas on Southern California Gas Company's (SoCalGas) system. Due to changes in the market and regulatory framework since we adopted D.01-12-018, we have concluded that it is no longer in the public interest to pursue implementation of the CSA. SoCalGas is directed to provide its services under existing rules and tariffs.

II. Background

In Order Instituting Rulemaking (R.) 98-01-011, the Commission assessed the market and regulatory framework of California's natural gas industry and considered reforms that might foster competition and benefit all California natural gas consumers. In D.99-07-015, the Commission identified the most promising options for changes to the regulatory and market structure of the natural gas industry. Order Instituting Investigation (I.) 99-07-003 was issued the same day and asked parties to prepare more detailed analysis of the costs and benefits of the promising options, and allowed time for exploring the possibility of settlement before testimony and hearings. Various parties agreed to a "Comprehensive Settlement Agreement" (CSA). The CSA settled the issues raised by the most promising options being investigated in I. 99-07-003.

In D.01-12-018, the Commission approved the CSA with modifications. D.01-12-018 authorized customer access to firm tradable transmission rights on

SoCalGas' system and ordered the unbundling from transportation rates of the costs associated with intrastate backbone transmission. D.01-12-018 also allowed noncore customers to acquire intrastate backbone transmission capacity through an open season, or purchase gas at the city gate. D.01-12-018 provided that the utilities' retail core procurement department would continue to reserve interstate capacity, intrastate backbone transmission capacity, and storage capacity to meet the requirements of retail core procurement customers. D.01-12-018 anticipated that the availability of firm tradable transmission rights would allow customers to place an increased reliance on long-term contracts.

D.01-12-018 ordered SoCalGas to file advice letters to implement the CSA. SoCalGas filed nine Advice Letters (ALs) to establish an implementation schedule, tariffs and rules to implement D.01-12-018. Eight of the nine ALs were protested. Protests were received from both signatories and non-signatories to the CSA.

On February 27 2003, the Commission issued Resolution G-3334 which consolidated and denied the ALs without prejudice.[1] Since no hearings were held or record developed, Resolution G-3334 did not modify D.01-12-018 or establish any new policies. Resolution G-3334 simply ordered SoCalGas to file an application to implement D.01-12-018.[2]

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[1] For a description of the ALs filed and the protests received, see Resolution G-3334.

[2] SoCalGas filed a petition to modify Ordering Paragraph 3 of Resolution G-3334 which directed SoCalGas to file an implementation application by April 14, 2002. SoCalGas requested a filing date of October 15, 2003. In D.03-06-045, the Commission denied SoCalGas' petition and further ordered SoCalGas to file its implementation application on or before June 30, 2003.

On June 30, 2003, SoCalGas filed Application (A.) 03-06-040, and on July 15, 2003, SoCalGas served its testimony. In its application, SoCalGas proposed two options. SoCalGas refers to option 1 or the "Compliance Case" as implementing the tariff provisions that are in compliance with the regulatory framework adopted by D.01-12-018. Option 2 is described as the preferred case which contains recommended changes to D.01-12-018.

On August 6, 2003, protests and responses were filed.[3] On August 8 and 19, 2003, Administrative Law Judge (ALJ) DeUlloa held prehearing conferences.[4] On August 18, SoCalGas filed a response to the protests. On September 29, 2003, Commissioner Brown issued a scoping memo that limited the scope of this proceeding to addressing SoCalGas' first option, i.e., the compliance case filing. Further, the scoping memo indicated that the Assigned Commissioner planned to explore with the Commission staff the:

> "possibility of initiating a new proceeding to evaluate parties' proposals for modification to the CSA in a comprehensive manner that identifies for parties the Commission's policy goals, organizes issues, and also takes into consideration the experiences gleaned from implementation of the compliance case." (Scoping Memo at p. 4.)

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3 The following parties filed protests: California Utility Buyers JPA, Coral Energy Resources, L.P., Indicated Producers (IP), Marathon Oil Company, Southern California Edison Company (Edison), Southern California Generation Coalition (SCGC), The Utility Reform Network (TURN), Watson Cogeneration Company (Watson), and Wild Goose Storage Inc. (Wild Goose).

4 Prehearing Conference Statements were filed by Kern River Transmission Company, Pacific Gas and Electric Company, and Questar Southern Trails Pipeline.

On October 23, 2003, SCGC, IP, Coral, Cabrillo I, LLC, Cabrillo II, LLC, El Segundo Power, LLC, Long Beach Generation, LLC, DGS, and TURN (Joint Parties) filed a petition to modify D.01-12-018 (petition). The petition requests that the Commission vacate D.01-12-018 and Resolution G-3334. Further, the Joint Parties request that the Commission solicit input on new policy objectives and direct SoCalGas to file a new application by January 1, 2005, proposing a regulatory framework that reflects the current and anticipated market conditions. In the interim, Joint Parties state that SoCalGas should continue to provide service under existing tariffs.

Joint parties contend that circumstances in the Southern California Market have changed since the execution of the CSA and that the CSA is no longer directly responsive to the circumstances existing on the SoCalGas system. Joint Parties petition is broken down into three parts: (1) key issues that the CSA sought to address but have already been addressed; (2) changes that have altered the envisioned use of receipt point capacity; and (3) effects of price volatility in the market. Based on these changes, Joint Parties conclude that the Commission has a legal duty to vacate D.01-12-018 because its implementation would not be in the public interest.

An evidentiary hearing was held on November 3, 4, and 5, 2003. Opening briefs were filed on November 17 and reply briefs were filed on November 24, 2003. This matter was submitted on November 24, 2003.

III. Discussion

In D.01-12-018, the Commission adopted a CSA negotiated in 1999 and signed in April 2000 that modified the market and regulatory framework for regulating the transportation and storage of natural gas on SoCalGas' system. The Commission approved the CSA after lengthy consideration of the market conditions in place at the time, and using certain assumptions about future industry developments.

After carefully considering the issues raised in the Joint Parties' Petition to Modify D.01-12-018, we have concluded that the CSA framework no longer provides a reasonable structure for the SoCalGas system given today's market conditions and expected industry developments. We find compelling the Joint Petitioners' arguments that several key reforms previously driving the need for the CSA's framework have already been implemented. At the same time, new issues have emerged, resulting in a far less liquid and more volatile natural gas marketplace. As a result, we are faced with implementing fundamental market changes that may be no longer relevant to existing conditions – market changes that only a small handful of the signatories to the CSA continue to support. In this decision, therefore, we vacate D.01-12-018, and consequently we do not need to resolve any of the issues associated with implementing the CSA. Rather, this decision will focus on the Petition to Modify and the reasons why current circumstances lead us to conclude that the public interest is best served by granting the request to vacate D.01-12-018 and G-3334 and abandon the CSA.

A. Key Issues Previously Driving the CSA Have Been Addressed

1. Positions of the Parties

Joint Parties believe that the D.01-12-018 should be vacated because certain issues that the CSA sought to address have been resolved. In particular, Joint Parties state that the allocation of capacity on the El Paso Natural Gas Company (EPNG) system has changed. Joint Parties point out that overnominations from EPNG delivery points no longer cause nomination gaming, constraints or pro-rata allocation cuts at the SoCalGas Topock delivery point. At the time the CSA was negotiated, under FERC rules EPNG was allowed to offer contracts that provided for the entire contract amount to be used at more than one receipt and delivery point. FERC has since changed the rules, requiring each EPNG shipper to 1) elect specific delivery points, and 2) convert all full requirements contracts to contract demand contracts effective September 1, 2003. Joint Parties conclude that these reforms to the EPNG system now help ensure that nominations at SoCalGas' receipt points do not exceed its capacity at those points, and have diminished the need for the receipt point capacity provisions of the CSA.

Joint Parties also state that SoCalGas system expansions have added flexibility to the system, pointing out that the CSA assumes total system capacity of 3,500 MMcf/d but that expansions in 2000 and thereafter have added 375 MMcf/d, or 11%, to the system.

Joint Parties also believe that SoCalGas' actions to eliminate "windowing" – a process that restricted shipper nomination on the SoCalGas system[5] – and the institution of new procedures have improved the operation of

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[5] "Windowing" refers to SoCalGas' process of allocating available capacity based on first-of-the-month nominations. When the SoCalGas system operated

Footnote continued on next page

SoCalGas' system. Some members of Joint Parties assert that elimination of windowing may have eliminated the need for a system of firm tradeable receipt point rights while other members believe that elimination of windowing should delay the implementation of firm tradeable receipt point rights for further consideration.

Watson opposes the petition and asserts that the passage of time has not changed the benefits of the CSA. Watson criticizes the petition for citing changes but then not making a serious attempt to explain whether these changes undermine the expected benefits of the CSA. Watson states that while capacity allocation on the EPNG system may be operating more smoothly there is no guarantee that the system will continue to do so in the future. Watson also believes that it is important for the Commission to retain and exercise control over the energy delivery system that it has jurisdiction over rather than rely on FERC to do the right thing during a crisis.

Watson also asserts that system expansions will benefit California consumers just as much, if not more, under the CSA than under today's regulatory structure. Watson observes that under the CSA, SoCalGas

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at near-capacity levels, or even when a certain receipt point was perceived to be in high demand, the windowing process allowed SoCalGas to cut pro-rata its customers' requested volumes. This process provided shippers with the incentive to nominate significantly more gas into SoCalGas receipt points than they intended to use, or than SoCalGas' system could accommodate, which created a vicious circle of further pro-rata cuts.

will have the incentive to sell the new capacity to the market and the incentive to maximize sales because SoCalGas is at 100% risk for recovery.

2. Discussion

We agree with the Joint Petitioners that the changes to nomination and capacity allocation processes on the SoCalGas system and upstream have rendered much less pressing the need for the capacity allocation reforms contemplated in the CSA. The nomination reforms required of EPNG by FERC, in particular, have considerably alleviated the overnomination problems previously experienced at SoCalGas' Topock receipt point. While we agree with Watson that California should not rely on FERC to act to act in a crisis, it is also not appropriate to implement fundamental market change at the state level in order to fix what was clearly an upstream problem. Indeed, SoCalGas did not wait to rely on FERC to "bail it out" of its Topock overnomination problems. By the time D.01-12-018 was issued, SoCalGas had already replaced its windowing procedures with a daily allocation process based on the system's operational capacity to accommodate the previous day's final scheduled deliveries.

In addition, the 11% systemwide capacity added by SoCalGas in the last four years has added not only flexibility to the system as Joint Petitioners point out, but also has fundamentally altered both the value of capacity for shippers, as well as the level of risk SoCalGas would be expected to face in the CSA.

As Watson notes, there is no guarantee that the current capacity allocation process from EPNG into the SoCalGas system will continue to operate smoothly. The same could be said for the firm tradeable rights capacity allocation framework provided for in the CSA. In the absence of a demonstrated need to improve the process, and considering other changes that have developed since the adoption of D.01-12-018, we believe it is more prudent to continue the current process.

B. New Issues Have Emerged that Affect the Envisioned Use of Receipt Point Capacity

1. Positions of the Parties

Joint Parties believe that D.01-12-018 should be vacated because changes in intrastate delivery capabilities and core upstream commitments have and will continue to alter the use of receipt point capacity as envisioned by the CSA. Specifically, Joint Parties state that upstream pipelines have expanded capacity to serve California and thus the need for capacity at various receipt points has changed. As examples, Joint Parties note the Kern River Pipeline's 2003 expansion that doubled its capacity to California from the Rocky Mountain basin, as well as the Questar Southern Trails pipeline's addition of 120 MMcf/d in capacity to California from the Rocky Mountain basin. Joint Parties assert that allocation of receipt point capacity rights will change as the upstream capacity rights such as these expand, and such changes alter the assumptions made about the value of receipt point rights. Joint Parties believe the Commission should consider these changes in developing a regulatory structure for the SoCalGas system. Joint Parties also believe that "potential liquefied natural gas (LNG) projects, if built" will alter the need and use of receipt point capacity. Joint Parties also believe that the core class must receive a set-aside for the North Coastal set-aside that was displaced by the ExxonMobil set-aside.

In its comments to the ALJ's Proposed Decision, both Edison and Coral note that the CSA's open season process for allocating capacity and market concentration limits were not designed to accommodate another development since the CSA was signed, namely, the re-entry of the electric utilities into the

SoCalGas market. Coral points out that in September 2002 the Commission allocated the Department of Water Resources purchased power contracts to the California utilities, and directed those utilities to assume the responsibility for their respective contracts' gas tolling provisions. Under the terms of the CSA, Edison and SDG&E would be severely restricted in their ability to aquire capacity to meet those gas tolling obligations, and Coral urges consideration of this changed circumstance before implementing the CSA.

In response to the Joint Petition, SoCalGas supports vacating D.01-12-018 because subsequent to the adoption of the CSA, the Commission has adopted polices in favor of increasing conservation whereas the CSA encourages SoCalGas to maximize throughput on its system. SoCalGas also believes the interchangeability of receipt point access rights should be allowed to accommodate new gas supplies on a non-discriminatory basis.

In response to the Joint Petition, Marathon Oil Company (Marathon) seeks resolution of this proceeding so that the consolidated BCAP proceedings can proceed and address the issue of providing firm tradeable rights for re-gasified LNG.

Watson states that the expansion of upstream capacity actually highlights the benefits of the CSA. Under the CSA, Watson asserts that customers can indicate the value they place on receipt point rights by the bids they place in the open season and subsequent transactions in the secondary market. Watson believes that the CSA in fact considers the value customers place on receipt points and enhances customers' ability to acquire exactly the set of receipt points they value most in response to whatever is happening on the upstream interstate pipelines.

Watson acknowledges the need to accommodate LNG as a potential new source of gas. However, Watson argues that it is unlikely that any announced LNG project will be online prior to 2006 or 2007 at the earliest. Thus, sufficient time exists to implement the CSA and to also explore modifications to accommodate LNG projects that will become operational in the future. Watson argues that the Commission should implement the CSA and gain several years of valuable experience prior to modifying the CSA to accommodate LNG supplies.

2. Discussion

The Commission is responsible for ensuring our decisions further the public interest in response to changing market dynamics and as industry conditions change. Certainly, the CSA can be modified to address many of the last four years' developments. We are concerned, however, that the combination of industry changes over the last four years, and the profound developments we expect to unfold in California's natural gas market in the coming four years, creates such a drastically different market that more than mere "tweaks" to the CSA are needed – and it may no longer be relevant.

Indeed, some provisions of the CSA may actually run counter to our future policy goals. In their comments to the ALJ's Proposed Decision several parties note the Commission's new Rulemaking R.04-01-025, to establish policies and rules to ensure reliable, long-term supplies of natural gas to California, and that many of the CSA's changes will either be addressed this summer in Phase I of that Rulemaking, or are in direct conflict with some of the policy proposals contained in the Rulemaking. SCGC observes, for instance, that the CSA's firm tradeable rights don't consider new receipt point that might be necessary to access receipt s into SoCalGas' system from the south and west, in addition to the traditional northern and eastern supply areas. Effective use of the expansion of the Kern River Pipeline system and the Commission's stated goal in R.04-01-025 to increase California's supply diversity to include a greater reliance on Rocky Mountain gas is, in some ways precluded by the CSA's structural focus on pipelines connecting with U.S. Southwest producing basins. The CSA's fundamental framework assumes separate SoCalGas and SDG&E systems, too, which according to SCGC may need to be integrated in order to address the expected geographic diversification of supply into Southern California, including LNG. Considering all of these developments, while we appreciate that the CSA may have been reasonable in light of market conditions at the time we approved it, it is a better use of Commission, consumer and industry resources to address future issues raised in the context of the OIR or other new proceeding, rather than implement and modify later the outdated features of the CSA.

C. Market Liquidity and Price Volatility

1. Positions of the Parties

Joint Parties believe that the D.01-12-018 should be vacated because "material changes in tariffs and rules bring a period of transition and uncertainty." Joint Parties assert that natural gas price volatility combined with gas demand volatility creates significant risks for California ratepayers and the change the CSA would introduce would increase market risks for customers. Consequently, Joint Parties believe the most prudent course of action is to defer material changes to the existing regulatory framework.

Watson states that the CSA applies only to the intrastate transportation of gas and thus is largely independent of factors that cause volatility. Based on data from the PG&E system, Watson disputes the assertion that implementation of the CSA will add volatility in the delivered cost of gas for California consumers. Rather, Watson asserts that the CSA may in a modest way moderate volatility in delivered gas prices for gas bought at the border because the CSA allows customers to purchase backbone capacity on the SoCalGas system at cost-based rate that is fixed through August 2006.

Lastly, Watson contends that the Commission should look to the success of the Gas Accord structure on the PG&E system as evidence of the benefits of the CSA. Watson states the CSA in many ways is modeled after the Gas Accord which has worked well under "stress tested" conditions in a range of markets. Additionally, Watson criticizes the petition for aiming to perpetuate the current uncertainty concerning the natural gas market structure for SoCalGas.

2. Discussion

At the time the CSA was signed, many more market participants – including marketers, end users, and suppliers -- anticipated participating in the transportation, storage and balancing secondary markets envisioned by the settlement. Coral points out in its comments to the ALJ's Proposed Decision that eight, or one third of the 24 original signatories to the CSA, are no longer active in California, and that the general attrition in the market now has resulted in fewer trading partners. The presence of fewer trading partners has, in turn, contributed to a market that is considerably less liquid than it was four years ago. Reduced liquidity will limit transparent pricing of different transportation paths and storage and balancing options, and inhibit the development of a robust secondary market. This development concerns us, as a robust secondary market is a fundamental premise of the success of the CSA.

The parallels Watson draws with the PG&E experience with firm tradeable rights are not appropriate in this sense. As parties have noted, the SoCalGas system is structured fundamentally differently from the PG&E system. The CSA envisions creation of seven different transportation paths on the SoCalGas system, each with its own receipt and delivery points, in addition to a SoCalGas citygate market; the PG&E system, by contrast, is much simpler with half as many paths and receipt/delivery points. If anything, more trading and liquidity are needed on the SoCalGas system than on the PG&E system in order to create a truly robust secondary market.

We are particularly concerned as the parties that remain in the market now will be relying on robust price signals between SoCalGas receipt and delivery points in making their bids for primary or secondary capacity, making storage decisions, and balancing their daily loads. At this stage, most of those remaining parties either no longer support the CSA, or have advocated changes to the settlement. We note that in D.01-12-018, we found the CSA to be reasonable in large part because it represented agreement among a diverse group of stakeholders on the SoCalGas system:

> (w)e find that the CS(A), as modified in this decision, is reasonable in light of the whole record for three primary reasons. First, while the settlement is not a global one, it is supported by 30 parties representative of all interests in this proceeding, including core and noncore customers, electric generators, wholesale customers, the Office of Ratepayer advocates, gas marketers, gas producers, competitive gas storage providers, and interstate pipelines. It is agreeable to SoCalGas and SDG&E. When parties from different viewpoints agree on a solution for a problem, even if only on a

> time-limited basis, it is an indication that it is a reasonable proposal.[6]

Clearly, conditions, expectations and market support for the CSA have changed. While the CSA may have been a prudent policy direction four years ago, it is not a good fit for the Southern California energy market now. We cannot be certain that adequate liquidity will exist under the CSA to support a robust secondary market. Under those circumstances, considering the current lack of customer and industry support for the CSA, and given the other concerns we have raised above, we are reluctant to adopt changes at this time that may contribute to additional price volatility, market uncertainty, and risk for consumers. We choose instead to provide the relative, tested market certainty the current SoCalGas capacity allocation framework ensures. We vacate D.01-12-018 and G-3334, and will work with SoCalGas and the parties to make any changes necessary to ensure reliable and reasonably priced gas continues to meet the needs of California customers.

IV. Comments on Proposed Decision

The alternate proposed decision of Commissioner in this matter was mailed to the parties in accordance with Pub. Util. Code § 311(e) and Rule 77.6 of the Rules of Practice and Procedure. Comments were filed on ____________________, and reply comments were filed on ________________.

V. Assignment of Proceeding

Geoffrey F. Brown is the Assigned Commissioner and Joseph R. DeUlloa is the assigned Administrative Law Judge in this proceeding.

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[6] D.01-12-018, mimeo, at 114.

Findings of Fact

1. In D.01-12-018, the Commission adopted a CSA that modified the market and regulatory framework for regulating the transportation and storage of natural gas on SoCalGas' system.

2. On October 23, 2003, SCGC, IP, Coral, Cabrillo I, LLC, Cabrillo II, LLC, El Segundo Power, LLC, Long Beach Generation, LLC, DGS, and TURN (Joint Parties) filed a petition to modify D.01-12-018 (petition).

3. The Petition of Joint Parties to vacate D.01-12-018 demonstrates that the CSA is no longer responsive to the circumstances existing on the SoCalGas system.

4. The Petition of Joint Parties to vacate D.01-12-018 demonstrates that the passage of time has changed or undermined the expected benefits of the CSA.

5. The Petition of Joint Parties to vacate D.01-12-018 demonstrates that system expansions erode the CSA's benefits to California consumers.

6. The Petition of Joint Parties to vacate D.01-12-018 demonstrates that implementation of the CSA will add uncertainty and volatility in the delivered cost of gas for California consumers.

7. Implementing the CSA now would perpetuate the current uncertainty concerning the natural gas market structure for SoCalGas.

Conclusions of Law

1. Joint Parties interim proposal for SoCalGas to continue to provide service under existing tariffs is reasonable.

2. Joint Parties have demonstrated that D.01-12-018 and Resolution G-3334 should be vacated.

3. The Petition of Joint Parties to vacate D.01-12-018 based on the recitation and analysis of changed circumstances and the volatility that may occur are sufficient grounds to vacate D.01-12-018.

4. The Petition of Joint Parties to vacate D.01-12-018 should be granted.

O R D E R

IT IS ORDERED that:

1. The Petition to modify Decision 01-12-018 is granted.
2. Decision D.01-12-018 is vacated.
3. This proceeding is closed.

This order is effective today.

Dated ____________________________, at San Francisco, California.

APPENDIX A

List of Appearances

Applicant: David J. Gilmore and Stacy Van Goor, Attorneys at Law, and Leslie Katz, for San Diego Gas & Electric Company; and Southern California Gas Company.

Interested Parties: Alcantar & Kahl, LLP, by Michael Alcantar, Attorney at Law, for Cogeneration Association of California; Matthew V. Brady, Special Counsel, for the Department of General Services; Avis Clark, for Calpine Corporation; Goodin, MacBride, Squeri, Ritchie & Day, LLP, by Brian Cragg, Attorney at Law, for Dynegy, Duke Energy North American, Duke Energy Trading & Marketing; Goodin, MacBride, Squeri, Ritchie & Day, LLP, by Michael B. Day, Attorney at Law, for Kern River Gas Transmission Co., Questar Southern Trails Pipeline Co., and Wild Goose Storage, Inc.; Eric Eisenman, Director, Governmental Relations, for PG&E GT-NW / North Baja Pipeline; Ned Greenwood, for Questar Southern Trails Pipeline; Morrison & Foerster, LLP, by Peter Hanschen, Attorney at Law, for El Paso Natural Gas Company, Mojave Pipeline Company, and Agricultural Energy Consumers Association; Gloria M. Ing, Attorney at Law, for Southern California Edison Company; Alcantar & Kahl, LLP, Evelyn Kahl; Attorney at Law, for Indicated Producers; White & Case, LLP, by Joseph M. Karp, Attorney at Law, for California Cogeneration Council; Luce, Forward, Hamilton & Scripps, LLP, by John W. Leslie, Attorney at Law, for Coral Energy Resources, LP; Sutherland, Asbill & Brennan, by Keith McCrea, Attorney at Law, for California Manufacturers & Technology Association; Patrick G. McGuire, Crossborder Energy, for Watson Cogeneration Company; Davis, Wright, Tremaine, LLP, by Edward W. O'Neill, Attorney at Law, for Intergen North America, Inc.; Hanna and Morton, LLP, by Norman A. Pedersen, Attorney at Law, for Southern California Generation Coalition; Patrick J. Power, Attorney at Law, for City of Long Beach; Douglas W. Rasch, Attorney at Law, for Exxon Mobil Corporation; Michael Rochman, Attorney at Law, for California Utility Buyers JPA; and Elizabeth Wesby, for Midway Sunset Cogeneration Company.

Intervenors: Bridget Branigan, Attorney at Law, for Southwest Gas Corporation; Marcel Hawiger, Staff Attorney, for The Utility Reform Network; Law Offices of Daniel W. Douglass, by Gregory Klatt, Attorney at Law, for Transwestern Pipeline Company; and Frank R. Lindh, Attorney at Law, for Pacific Gas and Electric Company.

Protestants: Bright and Brown, by Maureen J. Bright, Attorney at Law and Hogan & Hartson, LLP, by Karollyn Newman, Attorney at Law, for Marathon Oil Company.

State Service: Darwin Farrar, Attorney at Law, and Jacqueline Greig, for the Office of Ratepayer Advocates.

(END OF APPENDIX A)